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SUBJECT: SCENESETTER FOR UNDER SECRETARY BURNS' VISIT TO
TURKMENISTAN

11. (U) Sensitive but unclassified. Not for Internet
distribution.

12. (SBU) SUMMARY: Embassy Ashgabat warmly welcomes your
visit to Turkmenistan as a timely opportunity to demonstrate
the U.S. commitment to regularizing our bilateral diplomatic
dialogue. Key issues are increased transit for supplies to
support our troops in Afghanistan, access for U.S. energy
firms to invest in Turkmenistan's energy sector and progress
in human rights. Prior to Foreign Minister Meredov's recent
trip to Washington, high-level U.S. Government visitors to
Ashgabat this year included General Petraeus in early
January, Assistant Secretary Boucher in April and Special
Envoy Morningstar in May. Now in the third year of his
presidency, President Berdimuhamedov is self-confident. He
will not hesitate to speak his mind. Instead of the
widespread, rapid reform that was hoped for after his rise to
power, we have seen positive change occurring at a measured,
cautious pace. Turkmenistan will gradually bring its
standards -- including educational and human rights -- more
in line with international levels. But Berdimuhamedov and
his government are starting from almost zero with very few on
his team who have the experience and capacity to implement
reforms. Like many ex-Soviet governments, Turkmenistan
relies heavily on top-down decision making. The longer-term
monumental task will be to change a century of national
political psychology, the entrenched bureaucracy, and the
culture of rent-seeking. END SUMMARY.

12. (SBU) Under Berdimuhamedov's leadership, it is clear
Turkmenistan is becoming significantly different from the
international bad-joke pariah state it was under the late
President-for-Life Niyazov. But precisely what Turkmenistan
is becoming is still a work in progress. Evidence
increasingly suggests it could well one day become a
responsible partner for the United States and a normal
international player. Berdimuhamedov's fundamental policies
have been promising. However, he faces an uphill struggle
against political traditions that favor autocratic governance
models and a bureaucratic capacity stunted by 15 years of
Niyazovian repression and isolation. The challenge will not
be to get new reforms on the books -- Berdimuhamedov is
already beginning to do this -- but rather, to change the

attitudes and modi operandi of those officials responsible for implementing the new policies.

SECURITY

¶3. (SBU) The U.S. security relationship with Turkmenistan continues to unfold, with slow but consistent cooperation. Although basing is not an option, Turkmenistan remains an important conduit for the U.S. military to Afghanistan. Maintaining blanket overflight permission and the military refueling operation at Ashgabat Airport remains a key U.S. goal. We have repeatedly asked, so far without success, for an increase of the number of overflights and permission for nonlethal supplies to transit Turkmenistan overland. Turkmenistan allows the United States a generous overflight agreement (relative to other countries), which was renewed on November 25, 2008. The Turkmenistan blanket clearance number 999C was first granted to U.S. military aircraft in 2003. It has never provided unlimited permission to operate within Turkmen airspace and for this reason is sometimes described as a restricted blanket clearance. The blanket permission is authorized solely for delivery of humanitarian assistance and to help stabilize and rebuild the nation of Afghanistan. Aircraft must follow strict flight profiles and can utilize only select call signs. Aircraft are required to file a DoD international flight plan prior to entering Turkmenistan airspace and cannot deviate from that flight plan while in Turkmenistan. Blanket permission is limited to registered U.S. military aircraft. Civil reserve air fleet and DoD contract carriers are not eligible for the automatic clearance. In spite of these limitations, the Turkmenistan

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blanket number 999C is considered vital to maintaining an effective western air bridge to U.S. forces in Afghanistan. A team from AFCENT, Central Command's air component, recently visited Turkmenistan to explore ways the U.S. could assist Turkmenistan's National Civil Aviation Service to increase the number of U.S. overflights. The team also addressed issues that led to overflights being temporarily cut off in April, which were linked to air navigation charges levied against the USAF. In addition to overflight permission, the Turkmen government allows the U.S. to operate a small gas and go operation at Ashgabat Airport to refuel U.S. aircraft.

¶4. (SBU) The current position of the Turkmen government regarding transshipment of U.S. cargo to Afghanistan is that it would not agree to such an arrangement. Turkmenistan has several factors to consider if it were to change its position on the Northern Distribution Network (NDN). The first is Turkmenistan's own stated neutrality, which prevents them from participating in military alliances or agreements. This highlights the unique status of our extant overflight agreement. Also, a Turkmen desire to avoid possible negative Russian perceptions of military cooperation with the United States appears to affect their decision making.

¶5. (SBU) CENTCOM and Turkmenistan's military maintain an active military-to-military cooperation plan and a productive counter-narcotics program. CENTCOM Counter Narcotics has funded several mil-to-mil events as well as three border-crossing checkpoints (BCCs), on the borders of Iran (Altyn Asyr), Afghanistan (Imamnazar), and Uzbekistan (Farap). The third BCC is nearing completion at Farap; the Nevada National Guard has facilitated construction of the BCCs through the State Partnership Program. CENTCOM intends to build another two BCCs as well as provide equipment and training to the State Counter Narcotics Service and State Border Service. U.S. security assistance programs focus on improving the communications capability of the Turkmenistan armed forces in the areas of emergency response and border security, English language ability, in addition to building a future leadership with western principles. With the assistance of the Embassy's Export Control and related Border Security (EXBS) program, the Embassy works to strengthen Turkmenistan's border security and increase their ability to

interdict smuggling of weapons of mass destruction.

ENERGY

16. (SBU) Turkmenistan has world-class natural gas reserves, but Russia's near monopoly of the country energy export routes make it overly beholden to Russia. The disadvantage of this situation has been driven home to the Turkmen following the April pipeline explosion and subsequent dispute, which halted gas exports to Russia and forced the Turkmen to shut down a large part of its gas production. Pipeline diversification, including both a pipeline to China scheduled for completion in late 2009 and the possibility of resurrecting plans for Trans-Caspian and Trans-Afghanistan pipelines that would avoid the Russian routes, and construction of high-voltage electricity lines to transport excess energy to Turkmenistan's neighbors, including Afghanistan, would not only enhance Turkmenistan's economic and political sovereignty, but also help fuel new levels of prosperity throughout the region. Berdimuhamedov has told U.S. interlocutors he recognizes the need for more options and has taken the first steps to this end. He will require encouragement and assistance from the international community if he is to maintain a course of diversification once relations with Gazprom are patched up, as is likely given the mutual importance of their relationship.

17. (SBU) One of the biggest challenges that Turkmenistan's hydrocarbon sector will have to face, if it is to succeed in pipeline diversification, is the need for increased natural-gas production. Turkmenistan produced a reported

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70.4 billion cubic meters (bcm) in 2008, a figure that barely meets its existing domestic needs and export commitments. Large increases will be needed as/if new pipelines come online. While Turkmenistan has welcomed foreign companies to work its offshore (primarily oil) Caspian blocks, it has up to now largely rejected allowing foreign energy companies to work its onshore gas fields, maintaining that it can handle the drilling itself. But onshore natural gas production offers some tough challenges, including ultra-deep, high-pressure, high-sulphur, sub-salt drilling, which requires special skills and technologies and massive investment. One Western analyst suggested that costs could run as high as \$100 billion over the next five years. No one outside of the Turkmen government believes Turkmenistan has either the skills or the financial resources needed. U.S. policy has been to promote onshore production by major Western oil companies. President Berdimuhamedov has repeatedly told visiting U.S. officials that foreign companies would not be granted production sharing agreements for the development of onshore gas deposits. Given the technological challenges of extracting onshore gas, that policy could change in the future.

18. (SBU) U.S. integrated energy companies such as ExxonMobil, Chevron, ConocoPhillips and Marathon continue to express interest in working with the Turkmen to develop energy projects, but the Turkmen have shown little reciprocal interest. Most major firms have proposed onshore production projects that go against Turkmen government policy of controlling onshore development itself. President Berdimuhamedov appears convinced that, given enough time, the Turkmen themselves will be able to hire the necessary technology and expertise to allow them to manage development of these resources.

DEMOCRACY AND HUMAN RIGHTS

19. (SBU) President Berdimuhamedov has made a public commitment to bring Turkmenistan's laws and practices -- including those relating to human rights -- up to international standards. On his order, the country's legal, human rights and legislative bodies are in the process of rewriting numerous laws and codes, including on religion and

public organizations, family, criminal, and criminal procedure codes. Last September, a revised Constitution was adopted that eliminated many of former President Niyazov's strange addenda and contained some rights-related textual changes that the international community had suggested. Most notably, it eliminated the Halk Maslahaty (Peoples' Council), an oversized, bureaucratic, and largely rubber stamp body whose powers have largely been transferred to the Mejlis (Parliament). Parliamentary elections, held in December, were assessed by the OSCE as neither free nor fair and elicited little public interest.

¶10. (SBU) In seeking to promote democratic development and strengthened respect for human rights, the Embassy is working with the Institute of Democracy and Human Rights, which is one of the government bodies most open to and cooperative with foreign donors. Areas for cooperation include information exchange, the provision of legal and technical expertise, and support for increased access to information. The Institute has fully embraced USAID as a valued partner.

¶11. (SBU) Although the president is making progress in overhauling Turkmenistan's laws, human rights practices continue to lag behind the president's intentions. RFE/RL reporters continue to experience considerable harassment from security forces. While the Turkmen have made some improvement in their treatment of minority religious groups, small evangelical Christian religious groups continue to experience problems with registration, and Jehovah's Witnesses have experienced harassment. We continue to hear reports that some individuals are being barred from travel

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abroad. While Berdimuhamedov in 2007 released Turkmenistan's former Grand Mufti, imprisoned since 2005 under charges of complicity in the 2002 assassination attempt against Niyazov, only a handful of other individuals who were also imprisoned for alleged involvement in the attack have been released. Mukhametkuli Aymuradov, a political prisoner held since 1995, was released in May upon completion of his sentence.

FOREIGN POLICY

¶12. (SBU) Like Niyazov, Berdimuhamedov has emphasized "neutrality" as the hallmark of the country's foreign policy. Nevertheless, he has put an unprecedented emphasis on foreign affairs to repair Turkmenistan's international and regional relations and to become a respected player on the international stage. Trips by President Berdimuhamedov late last year to Germany and Austria and earlier this year to Uzbekistan, Iran and Russia have been opportunities for the Turkmen to reaffirm their multi-directional foreign policy. He has been invited to France later this year as well as Italy. Under the president's leadership, Turkmenistan has reached out to participate actively in regional organizations. He has met with all the leaders in the region, as well as with those of other countries of importance to Turkmenistan. China has a strong and growing commercial presence in Turkmenistan, and continues to court the president through a series of high-level commercial and political visits. Presidents Berdimuhamedov and Gul (Turkey) have exchanged visits, but bilateral relations continue to be colored more by the image of Turkey's lucrative trade and construction contracts that are eating up large amounts of money from the national budget. Berdimuhamedov has held positive meetings with high-level leaders of international organizations (including both the UN and the Organization for Security and Cooperation in Europe) that have led to cooperative relationships. The international financial institutions play a minor role in Turkmenistan, with the exception of the EBRD.

REGIONAL POLICY

¶13. (SBU) Accompanying the president's focus on reaching out to Turkmenistan's near and more distant neighbors has been an

increased effort to participate in and cooperate with regional fora. During President Berdimuhamedov's tenure, Turkmenistan has become an increasingly active player in a number of regional fora, including the (counter-narcotics) Central Asian Regional Information and Coordination Center, the Central Asian Trade Investment Framework Agreement mechanism (TIFA), and the European Union's Central Asian Troika process. Cognizant of its neutral status, it has bolstered its previous participation in meetings of the Commonwealth of Independent States and in its participation -- as an observer -- in the Shanghai Cooperation Organization, as well as in NATO with the status of a Partnership-for-Peace country. Turkmenistan is also participating in regional reconstruction efforts in Afghanistan and sponsoring a number of Afghan students at its universities and pedagogical institutes. In early April, the Turkmen government agreed to bolster by 2010 the electricity it is already selling to Afghanistan by an additional 300 megawatts. The president also agreed to extend the current price at which Turkmenistan is selling electricity to Afghanistan -- 2 cents per kilowatt hour -- to 2010. Concerning Afghanistan, Foreign Minister Meredov responded to a briefing on current U.S. policy by saying that Turkmenistan also sees the problems in Afghanistan and Pakistan as linked, and that they cannot be solved simply by military means. Meredov praised the USD 1.5 billion for social and economic aid for Pakistan. Turkmenistan donates humanitarian aid to Afghanistan, particularly in the northern part of the country, constructing schools, hospitals and other projects.

¶14. (SBU) Although Turkmenistan and Azerbaijan have made

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progress in resolving many of the issues that had troubled their relationship, delimitation of their boundary in the Caspian remains unresolved, with implications for the feasibility of a Trans-Caspian pipeline. Turkmen leaders seem to believe that they have shown the most flexibility and are looking for reciprocity from the Azeris. Turkish President Gul has sought to be helpful, urging Berdimuhamedov at a tri-lateral summit last November to diversify gas exports to include Europe. Berdimuhamedov reportedly welcomed the suggestion, as he has other overtures on behalf of the Nabucco project, but the Turkmen have yet to explicitly commit to supply gas to Nabucco.

ECONOMY AND FINANCE

¶15. (SBU) The global financial crisis does not appear to have had an immediate impact in Turkmenistan. The Ashgabat construction boom and announcements of other capital investment projects continue apace. On the other hand, oil revenues have dried up since the April pipeline explosion that cut gas exports to Russia. Although the pipeline was restored within a few days, shipments did not resume. As a result, Turkmenistan is reportedly losing some \$250 million in earnings each week the stoppage continues. There are no indications that the loss in earnings has caused the Turkmen government any financial discomfort, given the availability of past earnings held in a stabilization fund.

¶16. (SBU) President Berdimuhamedov has stated repeatedly, in many fora, that he wants to develop an international-standard market economy and to promote foreign investment. To those ends, Turkmenistan re-denominated its currency on January 1, converting 5,000 old manats into one new manat, following last year's elimination of the currency's dual exchange rates. The president has stated that some state enterprises will be privatized -- though not in "strategic" sectors like oil and gas, electricity, textiles, construction, transportation, and communications. He has signed a new foreign investment law, which, among other things, guarantees resident foreign businessmen and their families one-year, multi-entry visas, and approved changes to the tax code. The president divided the overworked Ministry of Economy and Finance into two bodies -- a Ministry of Economy and Development, and a Ministry of Finance, and he created a

Supreme Audit Chamber with the goal of providing greater oversight of government spending. In a notable development, the president also announced that he will abolish the opaque extrabudgetary funds that were prone under his predecessor to misuse and corruption. Finally, the state has slowly begun to raise the price of electricity and price of vehicle fuel. These measures could be part of an early effort to phase out the state's extensive and tremendously expensive subsidies system.

¶17. (SBU) Even though the president has reshaped his bureaucracy, put in place the structures that theoretically should help promote a market economy, and opened Turkmenistan to cooperation with IFIs, the lack of basic understanding and bureaucratic capacity remains an enormous impediment to change. New reforms are being rolled out with inadequate preparation, understanding of their consequences and explanation -- and are leading to increased public dissatisfaction. USAID is working to increase human capacity in several new government institutions, to prepare the strategy to support private sector development, and to support the introduction of International Financial Reporting Standards in Turkmenistan.

MEDIA

¶18. (SBU) While most of Turkmenistan's media remains state-controlled, President Berdimuhamedov has emphasized the need for reform, calling for more creativity and more international and political news to better inform readers and viewers. Simultaneously, however, he has noted that a

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principal role of the media is to stimulate patriotism and support for reform efforts, and there is no official discussion of allowing independent media to develop. Within this context, state media have shown gradually increasing openness, but still much uncertainty and a lack of capacity in attempting to fulfill the president's demands. In particular, the Ministry of Culture and Broadcasting has asked specifically for U.S. experts and assistance to further develop Turkmenistan's news media. This has led to unprecedented Embassy access to and contact with state media, but also so far to only minimal improvements in newsgathering, editing and production techniques. Both broadcast and print media have started to cover a wider range of topics, but would not even think of challenging or criticizing government policies. These limits are a result of strict self-censorship -- no one wants to be the first to try an "unapproved" innovation. USAID recently supported a study tour for state media specialists to Kazakhstan, but we believe there remains potential for coaxing Turkmenistan's media further along the road to providing more and better information.

CONTINUED OBSTACLES TO COOPERATION IN EDUCATION

¶19. (SBU) President Berdimuhamedov and his officials repeatedly emphasize that reforming the education sector has been one of their top priorities, and he has said to U.S. visitors the hardest task is to change the mentality of a people. Standard schooling has returned to the ten-year model of the Soviet era from Niyazov's nine-year standard. University education has returned to the previous standard of five years, instead of Niyazov's model of two years of study and two years of work. Graduate study programs resumed in September 2008 following a many-year hiatus, but there appears to be a real lack of expertise and direction to make these successful. And yet, to date, the president's (and government's) focus has been more on improving the shell than on reforming the core of the educational system. While there has been little emphasis placed up to now on retraining teachers or on modernizing the curricula, there have been some clear signs that the government may be considering curricula changes for institutions of higher education. In particular, the Minister of Education is eager to re-start a

Texas A&M partnership that would reform Turkmenistan's sole business education program to meet American standards over the next 3-4 years, among many other USG or other Western proposals to which he has responded favorably. At lower levels, however, the system continues to constrain individual initiative and block suggestions for improvements and reforms from reaching the Minister. In particular, many returned exchange participants are prevented or discouraged from returning to their places of work or study.

¶20. (SBU) Action on U.S.-sponsored educational programs is focused in USAID and the Embassy's Public Diplomacy section. In 2008, the U.S. Government sponsored 156 Turkmenistan citizens to participate in the Embassy's FLEX (high-school), UGRAD (college-level), Turkmenistan AUCA Scholarship program (TASP), Teachers Excellence and Achievement (TEA), Muskie, Fulbright, Humphrey and other exchange programs. Through its Internet Access and Training Program, USAID is supporting efforts to introduce interactive and multimedia learning approaches to the education sector.

COUNTER-NARCOTICS COOPERATION

¶21. (SBU) Turkmenistan has serious problems with narcotics trafficking and addiction, primarily opiates from Afghanistan. In January 2008, Berdimuhamedov established and funded the new State Counter-Narcotics Service with DEA-like responsibilities for both interdiction and demand-reduction efforts. Still, the effort involves building the new agency's infrastructure and capacity from the ground up. The Turkmen side has welcomed U.S. training and equipment. With

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a promised infusion of \$10 million in CENTCOM counter-narcotics funds in FY 09 and the possibility of an increased amount in FY 10, the Embassy country team is now working with the Counter-Narcotics Service to most effectively provide assistance to Turkmen counter-narcotics efforts. These efforts have led to the presence of a long-term TDY DEA special agent to pave the way for a permanent DEA presence.
MILES